

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01

COME-00 DODE-00 EB-07 FEAE-00 FPC-01 H-01 INR-07

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 SAM-01 OES-03

SP-02 SS-15 STR-01 TRSE-00 FRB-03 XMB-02 OPIC-03

LAB-04 SIL-01 PA-01 USIA-06 PRS-01 /100 W

----- 093749

R 191127Z FEB 75

FM AMEMBASSY OSLO

TO SECSTATE WASHDC 9323

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

USEC BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY OTTAWA

USMISSION USNATO

AMEMBASSY PARIS

USOECD PARIS

AMEMBASSY STOCKHOLM

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E.O. 11652: N/A

TAGS: ENRG NO

SUBJ: PRELIMINARY REACTION TO NEW OIL TAX PROPOSALS

REF: OSLO 675

1. AMERICAN OIL COMPANIES IN NORWAY ARE ANALYZING THE NEW
TAX PROPOSALS BUT STATE THAT PROPOSALS ARE SO COMPLICATED THAT
THEY WILL PROBABLY BE UNABLE TO COMMENT ON THEIR IMPACT UNTIL
LATE THIS WEEK OR EARLY NEXT. PRELIMINARY REACTION OF MOST

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COMPANIES IS THAT PROPOSALS ARE ABOUT WHAT WAS EXPECTED, AL-
THOUGH SOME SAY THEY ARE SOMEWHAT STIFFER THAN ANTICIPATED.

PHILLIPS CONFIRMS GOVERNMENT FIGURES FOR TAKE FROM EKOFISK BETWEEN 1976-80 (\$12-13 BILLION) ARE FAIRLY ACCURATE. PHILLIPS ALSO SAYS THAT IT MAY NOT DEVELOP SOME OF THE SMALLER FIELDS IN THE EKOFISK COMPLEX AS THEY MAY BE UNPROFITABLE WITH NEW SPECIAL TAX.

2. SOME NORWEGIAN COMPANIES ARE REPORTED TO BE CONSIDERING TAKING GOVERNMENT TO COURT ON GROUNDS THAT NEW PROPOSALS ALTER TERMS OF CONCESSIONS AND ARE THEREFORE EX POST FACTO CONTRACT CHANGES AND ILLEGAL. SEVERAL AMERICAN COMPANIES HAVE EXPRESSED CONCERN OVER GOVERNMENT'S ABILITY TO ALTER 25 PERCENT SPECIAL TAX RATE AND UNCERTAINTIES THIS CREATES.

3. AMERICAN COMPANIES, WHICH WERE AWARDED SHARES OF THE FIVE CONCESSIONS GIVEN OUT LATE LAST YEAR, STATE THAT SEVERAL COMPANIES, SOME AMERICAN, WITHOUT CONCESSIONS ON THE NORWEGIAN SHELF ARE WILLING AND WAITING TO PICK UP ANY AWARDS REJECTED OR TURNED BACK. THEY SAY THIS MAKES IT MORE DIFFICULT FOR THEM TO REJECT THE AWARDS EVEN IF THE NEW TAX PROPOSALS MAKE THEM LESS ATTRACTIVE, ESPECIALLY IF THEY HOPE TO PARTICIPATE IN FUTURE AWARDS EITHER SOUTH OR NORTH OF THE 62ND PARALLEL. AT PRESENT THEY HAVE UNTIL THE END OF THE MONTH TO ACCEPT OR REJECT THEIR AWARDS.
BYRNE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM INDUSTRY, PETROLEUM CONCESSIONS, PRICES, TAXES
Control Number: n/a
Copy: SINGLE
Draft Date: 19 FEB 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975OSLO00702
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750059-0183
From: OSLO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750232/aaaabcex.tel
Line Count: 86
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 OSLO 675
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 16 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 APR 2003 by KelleyW0>; APPROVED <17 APR 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRELIMINARY REACTION TO NEW OIL TAX PROPOSALS
TAGS: ENRG, NO, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006